As a contribution to the June 2015 European Council on security and defence and in my capacity as High Representative and Head of the European Defence Agency, I present the attached report. It addresses two main aspects: **an overview of the implementation** of work resulting from the December 2013 European Council (EC) Conclusions; and some initial **proposals on the way forward**.

I. The strategic context

The European Council in December 2013 called for an assessment of "the impact of changes in the global environment", with a view to reporting to the Council in the course of 2015 on the challenges and opportunities arising for the Union.

Of course since December 2013, th**e security situation in the EU's direct neighbourhood has deteriorated significantly**: the concurrency, intensity, frequency and complexity of conflicts and crises in the neighbourhood have increased.

To the east, Russia's illegal annexation of Crimea and its subsequent actions in Ukraine constitute a violation of Ukraine's territorial integrity and a fundamental breach of basic principles underpinning Europe's security order.

To the south, conflict has become a common feature of much of the region. Conflict and instability lead to increased migratory pressures. Thousands of refugees are being exploited by smugglers and traffickers.

Last year's rise of Da'esh has further destabilised the region. Its appeal is now spreading to other groups in different parts of the region.IN addition, terrorist and other attacks in several Member States have impacted on **the internal security situatio**n and have further highlighted the linkages between external and internal security.

This has raised the threat perception in the Member States and among the general public.

As regards CSDP, and without impacting the outcome of the strategic review, it is clear that some of the key trends identified in 2013 and underpinning the discussion by Heads of State and Government in December 2013 are still very much present.

Beyond the increasing regional volatility, these include: emerging security challenges such as cyber threats, the impact of the financial crisis and the continued fragmentation in the European defence market. These trends point to **a growing responsibility** for the Union and its Member States, as well as increased **interdependence** within the Union to effectively provide security for its citizens, now and in the long term.

The deterioration of the security environment will have **consequences also for CSDP and defence cooperation**. CSDP will have to be a substantial part of the toolbox in addressing these challenges. Indeed it appears logical that the current trends in the security environment will lead to a more extensive use of security and defence related instruments. In other words, the demands towards the EU to act as a provider of security will continue to increase.

In the same vein, these challenges have led to a renewed impetus in the EU-NATO relationship. As reconfirmed by the Heads of State and Government in 2013, "the Common Security and Defence Policy (CSDP) will continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each".

Responsiveness will remain of strategic value: the Union needs to be able to swiftly assess crises and mobilize its various instruments, including the military; speedy assessment, decision-making and deployment can make the difference.

The strategic review will cover the context against which the level of ambition can be set, taking account of interests and values, the overall security environment, the consequent need to project force and the available resources. Overall, it will need to answer the basic question: is CSDP, alongside other EU instruments for external action, still fit for purpose in the current security environment?

This report does not address that question but it focuses **on implementation of the 2013 mandates and improvements within the existing framework**. The Union wants to act as a security provider; to do so, capabilities are required; capabilities require a strong European defence industry.

II. Implementing the December 2013 European Council mandates

Overall, we have achieved **good progress** in implementing the 2013 commitments, though there are specific issues where progress remains very limited.

A number of achievements were endorsed by Council in November 2014, which also welcomed further progress as reported in my predecessor's report of July 2014.

Feedback on the implementation of the various work strands resulting from the November 2013 FAC and December 2013 European Council was provided to Member States at regular intervals. For instance, EU Defence Ministers during their informal meeting in Riga last February discussed progress on the basis of an updated comprehensive overview of the state of implementation.

Of course defence is and will remain **Member States' driven**. However, and as the following paragraphs will demonstrate, the European level does have role to play, in line with the Treaties. For instance, the EU can act as a facilitator and enabler for defence cooperation to support Member States' capability development.

In addition, defence issues should be considered **in coherence with other EU policies and sectors, and vice versa**. Defence relates to industry, internal markets and research as it does to maritime and cyber security or the Single European Sky. This requires maximizing the added value of the EU by combining its various instruments, ensuring effectiveness and avoiding duplication.

INCREASING THE EFFECTIVENESS, VISIBILITY AND IMPACT OF CSDP

1. Operationalizing the comprehensive approach

The Commissioner's Group on external action

As agreed with President Juncker, a Commissioners' Group on External Action (CGEA) was created. Since then, this Group which I chair, has met regularly, usually at least once a month in varying formats depending on the topic, to develop a joint approach.

I consider CGEA to be an essential element in creating a more **structural underpinning** for the comprehensive approach with the aim of further enhancing strategic coherence.

Next steps: the continued use of this Group combined with discussions within the Foreign Affairs Council should result in more policy coherence and a better alignment of instruments.

The action plan on the Comprehensive Approach

Following the Joint Communication on the EU's comprehensive approach to external conflict and crisis (December 2013), an **Action Plan** was prepared and presented to the Member States.

Including on the basis of consultations with experts from the Member States, the plan identifies four key actions: develop guidelines for Joint Framework Documents setting out the EU's and Member States' overall objectives and priorities for a particular country or region and the tools needed); work towards a Joint Communication on capacity building for security and development; take forward work on transition strategies and on procedures for rapid deployment of joint field missions and/or staff to reinforce EU Delegations.

Since the best test beds for a comprehensive approach are to be found on the ground, the draft Action Plan identifies country or regional cases where particular actions could be brought forward (the Sahel, Central America and the Caribbean, Afghanistan and Somalia). But of course, the approach as such will also continue to be applied more generally, beyond the selection regions.

The next step is implementation, which – as stressed in the Council Conclusions of May 2014 – remains a joint responsibility between the EU and Member States. A progress report will be presented in early 2016.

Missions and operations and their links to wider EU action

Since December 2013, 9 CSDP operations/missions were reviewed, 4 were launched[1] and 3 were closed[2].

Missions and operations are increasingly becoming more **embedded in a wider EU approach**. For example, EUFOR RCA, a military operation provided in close cooperation with the UN-operation MINUSCA and the French Sangaris Operation, was launched and synchronised together with Commission-funded programmes that supported the restructuring of the judicial system and the training of local gendarmes.

This combination of instruments has proved crucial to the success of the operation and has made a visible difference on the ground. Security was provided in Bangui, enabling humanitarian actors to deliver aid better.

EUFOR RCA ended its mandate on 15 March and smoothly transitioned its tasks to the UN operation MINUSCA. It was followed up by the advisory mission EUMAM launched on 16 March.

Of note, the military force also included a component of the European Gendarmerie Force (EUROGENDFOR) and saw substantial participation by partner countries (for instance Georgia).

In a different vein, EUPOL RDC was closed and activities fully and timely transferred to other programmes financed by EU, while activities of EUSEC RDC are being gradually transferred to the "PROGRESS" EU-funded programme. This transition represents a good example of continuity of the EU action from crisis management to a more long term development mode.

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[1] EUAM Ukraine, EUFOR RCA, EUCAP Sahel Mali and EUMAM RCA

[2] EUJUST LEX Iraq, EUPOL RDC and EUFOR RCA

Next steps: CSDP missions are subject to regular strategic reviews and there is hence a continuous process of assessment.

For the near future, developing a wider approach in which CSDP missions and operations and Community instruments are embedded within an overall political strategy will remain a priority.

It is also reasonable to assume that demands towards the EU to act as a provider of security will continue to increase in response to the deteriorating situation facing Europe's borders.

In this regard, and given the linkages between internal and external security, illegal migration and trafficking of all sorts, counter-terrorism aspects as well as hybrid threats might need to be taken up in the planning of any possible new operation/mission or indeed in EU-action more generally.

Similarly, the EU will need to continue its efforts to strengthen implementation of UNSCR 1325 on Women, Peace and Security in CSDP missions). 2015 marks the 15-year anniversary of the Resolution. While much of the EU-policy framework is in place more can be done when it comes to implementation, for instance by ensuring a gender perspective in the planning process, and a leadership that is adequately trained in this regard.

Capacity building to support security and development

Building on the 2005 European Consensus for Development, the Agenda for Change (the 2011 Communication on increasing the impact of EU Development Policy) recognizes that the EU should ensure that its objectives in the fields of development policy, peace-building, conflict prevention and international security are mutually reinforcing. This flows from the growing recognition of the **linkages between security and development** (the "security and development" nexus), for example in the areas of Security Sector Reform, conflict prevention, or support to inclusive political settlements of conflicts.

Already a significant proportion of external assistance programmes funded by the Union development and technical cooperation instruments is spent tackling security-development challenges: in 2013, more than half of the total EU bilateral development aid was disbursed in fragile and conflict-affected countries, a vast majority of which was on the African continent.

During the period 2001-2009, over EUR 1 billion was spent supporting justice and security sector reform programmes. For the period 2014-2020, more than 10% of the allocations for development cooperation, including the Development Cooperation Instrument[3] and EDF, are indicatively programmed in support of conflict prevention and resolution, and peace and security-related activities. Nine national and 8 regional / thematic indicative programmes have the security-development nexus as a sector of concentration, 45 with a broader focus on Governance and Rule of Law, including possible support to transition from missions and operations under the common security and defence policy (CSDP). Increased amounts have been allocated to the African Peace Facility (EUR 750 € for 2014-2016).

Against this background, the idea of **better empowering partners** has been gaining ground. By developing a more systematic approach to EU capacity building, the long-term objective is to enable partner countries and regional organizations to take responsibility for their own

[3] Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020, OJ L 77, 15.03.2014

security, so they can increasingly prevent and manage crises by themselves. This is becoming more urgent in today's security environment.

The European Council in December 2013 emphasized "the importance of supporting partner countries and regional organizations, through providing training, advice, equipment and resources where appropriate, so that they can increasingly prevent or manage crises by themselves" and invited "the Member States, the High Representative and the Commission to ensure the greatest possible coherence between the Union's and Member States' actions to this effect". This was echoed at the EU-Africa and the EU-US Summits in 2014.

This so-called "train and equip" or "enable and enhance" initiative builds inter alia on lessons from the CSDP military training missions in Somalia and Mali: the troops to be trained lacked even very basic equipment (tents, uniforms, radios, and infrastructure). To date there are no dedicated EU instruments or mechanisms to address these needs, in particular for military recipients; financing can only be undertaken in respect of the specific requirements and conditions set out in the relevant instruments. Nor have Member States gone beyond very specific ad hoc contributions. The ongoing debate within the OECD in Paris on the definition of Official Development Assistance is also relevant in this context.

But the concept is wider and should be strongly anchored in **capacity development in the security and defence sector** including governance, management, leadership, building democratic control of armed and security forces, and integrity of the defence institutions.

Significant progress has been achieved since then, inter alia on the basis of a number of pilot cases.

On 28 April, with the Commission, I presented a Joint Communication on "Capacity building in support of security and development - Enabling partners to prevent and manage crises". . This Communication proposes a policy approach for concrete implementation.. Next steps: Upon endorsement by the European Council in June, efforts should focus on translating the concept into concrete reality, on improving the coherence with the efforts by Member States and on addressing medium-term term challenges.

Early Warning

The establishment of the EU Conflict Early Warning System (EWS) has increased awareness of the importance of conflict prevention in addition to crisis response. The EWS represents a joined-up process of identifying priorities for EU conflict prevention and peacebuilding activity around the world. It brings together a full range of EU actors, in headquarters and in the field, including Member States. It is based on a solid methodology and is reiterated on a 6-monthly basis.

Over the past 2 years, the EWS has generated a series of preventive measures, including robust EU analysis of cross-cutting conflict risks and dynamics, mediation support, project identification for the Instrument contributing to Security and Peace (IcSP) and longer-term adjustments to programming. The EWS findings are also relevant to strategic planning and reviews and programming.

Internal and external security

We have further developed synergies between Freedom/Security/Justice actors and CSDP (and beyond CSDP) including in the framework of the renewed European Union Internal Security Strategy adopted by the Council in December 2014. Working arrangements between

the EEAS, Frontex and Europol have been signed. The EEAS and EUROGENDFOR (the European Gendarmerie Force) signed a general administrative arrangement last October, highlighting the dynamics of the latter's involvement in CSDP missions and operations (EUFOR RCA and EUCAP Sahel Mali).

Furthermore, there is a need for enhanced, formal cooperation between the EU and third countries and partners such as INTERPOL, on CSDP and beyond, as part of the EU comprehensive approach to the fight against terrorism, organized crime and illegal migration.

Synergies between internal and external security were also pursued in the programming and implementation of EU-external assistance instruments.

Finally, it is clear that the links between internal and external security will increasingly need to be addressed also at the ministerial level.

Next steps: the links between internal and external security are also addressed in the section on emerging security challenges in this report. The connection to CSDP is an element in what should be a multi-faceted approach. Also the recent Communication "The European Agenda for security" further develops the existing linkages.

Crisis management structures

The effectiveness of EU security and defence policies also relates to improved working practices and appropriate structures and processes. The revised Crisis Management Procedures have introduced the concept of Political Frameworks for Crisis Approach (PFCA) as a tool towards ensuring a comprehensive approach.

The present CSDP system raises a number of questions in terms of the positioning and reporting lines of the relevant EEAS departments, relations with other parts of the EEAS and the speed and effectiveness of decision-making, in particular in crisis situations. The Council recognised this in December 2013, in its conclusions on the EEAS review. This will require further streamlining in the context of the overall set-up of the EEAS.

2. Working with partners

Working with partners is an integral part of a comprehensive approach and **the partnership policy is a particularly dynamic aspect of CSDP**. The EU has further developed co-operation with its international partners, in particular the UN, NATO, the OSCE, the African Union (AU) and ASEAN, as well with non-EU NATO Allies and third countries.

EU-UN relations remain the cornerstone of the EU support to effective multilateralism and translate into close operational cooperation inter alia in Mali, Central African Republic, Democratic Republic of Congo, Somalia and Afghanistan. A new framework for strengthening the UN-EU strategic partnership on peacekeeping and crisis management was prepared, to define priorities for 2015-2018. The Council recently authorized the launch of negotiations on an agreement on cooperation between the EU and the UN in the framework of their respective crisis management operations. Overall, the EU-UN cooperation continues to widen and deepen.

We have a shared interest in close and mutually reinforcing cooperation between **the EU and NATO**. Building on the December 2013 European Council Conclusions and the NATO Wales Summit Declaration, such co-operation has further expanded in an inclusive and transparent manner. My regular meetings with the NATO Secretary General as well as staff to staff contacts and reciprocal briefings help identify synergies between respective EU and

NATO engagements in areas of common interest (e.g. operational activities, exercises, maritime security, cyber, countering hybrid threats, strategic communication etc.).

Operating side by side in a number of theatres, the EU and NATO share an interest in jointly delivering effect. Both organisations remain committed to ensuring coherent, complementary and mutually reinforcing military capability development, fully recognising that the Member States and Allies have a single set of forces.

Support to **African peace and security** objectives is more than ever a cornerstone of the Africa-EU partnership. Continued support is provided to the AU, and a renewed focus was put on capacity building efforts, including through the Train & Equip initiative.

Since the beginning of the Ukrainian crisis the good cooperation and coordination with **OSCE** proved invaluable. The EU continues to support OSCE through financing, provision of equipment and satellite imagery.

In 2014 **fifteen non-EU countries contributed to EU-led missions and operations**. Three new framework agreements have been signed to facilitate such cooperation (sixteen in force in total). **Non-EU NATO Allies and candidate countries** are among the most active contributors to CSDP activities and good cooperation continues in various fora and informal gatherings as well as bilaterally. The EU has expanded partnerships with Latin American and Asian countries, in particular with Chile, Colombia and the Republic of Korea, with whom framework agreements have been signed to facilitate CSDP cooperation, and through stepped-up bilateral dialogue and counter-piracy co-operation with China and Japan.

A new framework for CSDP co-operation has been developed with the **Eastern Partners,** complementing existing bilateral activities. Cooperation with the EU's Eastern neighbours was strengthened through the creation of the CSDP Panel within the Eastern Partnership. This has led to concrete initiatives (courses, study visits, dialogues at expert level) that contribute to closer ties between the EU and its Eastern Partners.

The EU's Chairmanship of the **Contact Group on Piracy off the coast of Somalia**, naval co-operation off the Somali coast and the EU Maritime Security Strategy and Action Plan adopted in 2014, offered further incentives and opportunities to develop partnerships, including with partners in Asia.

Next steps: The EU should further develop its **partnership policy** with international organizations and partners including through policy dialogues and partners' participation in missions and operations.

3. Improving rapid response

Despite several initiatives taken to strengthen the responsiveness of CSDP, progress in this field has remained fairly limited. This relates to the use of **EU Battlegroups, using the potential of the Lisbon Treaty, and force generation issues.**

Revised Military Rapid Response Concept and EU Battlegroups

To date, there has not yet been a Battlegroup deployment. In spite of the Member States' continued interest in the subject, as demonstrated again at the Defence Ministers' Informal meeting last February in Riga, as well as various non-papers, no concrete progress was achieved on improving the effective use of the EU BGs. Discussions on this topic continue to be dominated by the issues of generating political will and enhancing common financing.

A positive step was taken last December when Member States agreed on the revised EU Military Rapid Response Concept, including the subordinated EU Battlegroup (without changes), Land, Maritime and Air Rapid Response concepts

The Concept aims at ensuring consistency, flexibility, complementarity and standardisation across the full spectrum of the EU Military Rapid Response. It also includes a list of possible generic military tasks to be carried out in a military rapid response action. Databases on land, maritime and air rapid response constitute the implementing tools.

As part of the next steps, the 2016 and 2017 databases are under development. In the context of the discussion on EUBGs, recent proposals routinely to consider the EUBGs as the option of choice for the initial entry operation phase and the clear commitment of the three upcoming lead nations - France, Germany and Poland - are promising. These proposals will be discussed further in the weeks and months to come. More generally, the issue of political will remain a decisive factor.

Lisbon Treaty - Article 44

EU rapid response could also benefit from the use of Article 44 TEU. Article 44 provides an additional modality for a CSDP mission or operation that may enhance the role of the EU and its Member States acting as a security provider together, making use of the flexibility of the Union framework. Over the last months, the possibilities offered by this clause were discussed in considerable detail by the Member States, on the basis of a Food for thought paper by the EEAS and a legal analysis provided by the Council Legal Service.

Next step: Member States have agreed on testing identified modalities in an exercise study, to be undertaken as soon as possible.

Force generation civilian missions

The quality and effectiveness of the international staff has been enhanced through a more systemic approach to training, including during the pre-deployment phase.

However, due to the often very specialised skills needed in civilian CSDP missions, the force generation process for civilian missions remains primarily based on individual applications.

The force generation procedures and the way they are currently agreed with Member States involve a period of up to 4 months before any deployments takes place. This does have an impact on the speed of deployment and can be an important delaying factor. In the past, for rapid deployment such as for EUMM Georgia a the start-up phase, or for large scale missions such as EULEX Kosovo, Member States made collective offers of personnel. Such a procedure has however remained the exception.

Next steps: the time has come to reconsider the human resources policy for civilian missions including the "individual" approach to force generation, in particular during the start-up phase or when rapid deployment is required. One way for improving the timelines could be to change the current procedures by allowing the fast track option (direct Member State support) until the mission reaches Initial Operational Capacity. A horizontal debate on force generation for civilian missions is required, and this should be linked to the wider issue of civilian capabilities.

Force generation for military operations and missions

As also set out in the annual (2014) lessons learned report, the main delaying factors for military missions and operations remain the duration of the force generation process and the lack of a shared understanding of the implications of the fast track procedures. Force generation also raises the broader questions of political will and credibility.

Next steps: further analyse and discuss with Member States the reasons for structural delay in mission launch, especially force generation aspects.

4. Financing of missions and operations

Key areas to enhance the EU's responsiveness to crises and our ability to prevent them include: the availability of adequate financial resources available and flexibility in the use of financial instruments available.

In 2014 my predecessor submitted options for improving the financing of civilian and military missions/operations. However, in the ensuing debate, **little substantive progress was achieved.**

Military operations and missions – Athena mechanism

The review of the Athena Council Decision was initiated in autumn of 2014. The scope of common costs remains the most controversial issue amongst the Member States. At the heart of the debate are issues relating to solidarity/burden-sharing versus own national military capabilities and related financial competences. Some progress was achieved on additional flexibility vis-à-vis third states, projects implementation and framework contracts.

The Athena mechanism signed a cooperation arrangement with EDA to facilitate the setting up of framework contracts in support of CSDP operations, building on the Agency's previous support in areas such as Airborne Surveillance, Counter Improvised Explosive Devices, cyber awareness and human resource management.

Common financing of the EU Battlegroups' strategic deployment was not included in the reviewed Council Decision (published on 27 March). However, it was agreed to extend the related Declaration on common financing of EUBG' strategic deployment: the commitment therefore remains political rather than legal.

Next steps: while largely inconclusive, the debate will continue. I stand ready to support the debate among the Member States and to put ideas on the table. CSDP missions and operations are conducted to contribute to the security of all EU citizens, and the question of burden-sharing among Member States therefore remains relevant.

Civilian missions

For obvious reasons the overall shortage of payment appropriations also affected the CFSP budget. In 2014, civilian CSDP missions faced financial constraints. The launch of the EU mission in Ukraine was possible only because of the transfer of funds from other budget headings.

Work continued to make the missions more cost-effective. Of particular importance is the development of a mechanism to pool together some administrative tasks of individual CSDP missions and to centralize mission support (referred to as a "shared services centre"). A feasibility study on this question was presented to the Council in April 2014.

Next steps: with a view to swift implementation of the project, a joint (EEAS/COM) option of a Mission Support Platform was developed. This option should be presented in early May to the relevant Council working groups for agreement.

5. Addressing emerging security challenges

Countering hybrid threats

While hybrid tactics are not new, the scale of their use – both the East and to the South of Europe - is emerging as a major threat to Member States and partners. In Ukraine, we have witnessed the sophisticated use of large-scale, well-coordinated hybrid warfare tactics. At the same time groups such as of Da'esh intensively use social media and other non-conventional tools. The number of cyber-related incidents in relation to external conflicts is increasing.

The **potential inherent in the EEAS, the EDA and the Commission must be harnessed to counter these hybrid** threats in support of the Member States – a view echoed at the recent EU Defence Ministers' meeting in Riga and further supported by non-papers put forward by several Member States.

Notably, the EU needs to take account of emerging hybrid threats and the need is arising for a common policy framework to support Member States and Partners as they seek to build resilience. As a priority, we need to develop better situational awareness to ensure we first understand the threat so to be able to prevent and /or react in a timely fashion. Against this background, a stronger coordination between military and non-military means and capabilities is required.

On the specific issue of strategic communication, the March 2015 European Council invited me, in cooperation with MS and EU institutions, to prepare by June an action plan. As an early first step, I established a dedicated communication cell in early April.

Next steps: through its ability to act in a comprehensive manner, the EU can start from a solid basis in addressing hybrid threats. Joint work with the European Commission is underway, addressing ways to build resilience in the areas of energy and cybersecurity, strategic communication; human rights violations, humanitarian emergency, closer links between external and internal security dimensions, impact on and role of civilian and military CSDP.

Developing a joint policy framework on countering hybrid threats, ensuring proper information exchange and better understanding the roles of different stakeholders are among the next steps which we should be taking, while further reinforcing the already close links to NATO.

Maritime security

Maritime security has always been strategically decisive but has over the last few years acquired renewed global political prominence. Within the EU, following the adoption of the first ever EU Maritime Security Strategy (24 June 2014), an Action Plan was adopted (on 16 December). Both are based on an innovative "cross-sectorial" approach, bringing together civilian and military elements, Community instruments, and CSDP missions and operations.

The EUMSS and its Action Plan focus on increased civil/military co-operation to achieve synergies and better value for money, emphasise the strong links between internal and external security, and promote the sharing of information between all relevant actors.

Next steps: the Action Plan of course needs to be implemented. Beyond that, the following areas are key: 1) continued EU Presidency of the Contact Group on Piracy off the Coast of Somalia; 2) implementation of the regional strategies of the EU (Gulf of Guinea, Horn of Africa) 3) dialogues with partner countries on possible contributions to CSDP operations or on broader maritime security; 4) EU-NATO complementarity, coordination and cooperation; 5) EU-African Union strategic relationship, with the Summit on "Maritime security and development" (Lomé, next November) supported by the EU.

Cyber security

The EU Cyber Defence Policy Framework was adopted in 2014 on the basis of input by the EEAS together with the Commission services and EDA. It provides a firm foundation for countering threats from cyber space. Progress has been achieved notably on: mainstreaming cyber into threat assessments; defining training needs requirements for HQ, missions and operations; including a cyber dimension in our exercise programme; developing specific CSDP cyber defence training modules; improving cooperation between the EU Computer Emergency Response Team and the NATO Computer incident response capability.

Next steps include enhancing the protection of CSDP communications networks (classified and unclassified); promoting civilian-military cooperation, and supporting Member States' capabilities through EDA cooperative projects. A six-monthly progress report on the implementation of the EU Cyber Defence Policy Framework will be presented in June 2015.

Border management

The concept for CSDP support to Integrated Border Management was finalised in December 2013.

In response to the tasking by the Council, a working group on security issues in the Sahel-Maghreb Region presented a report to the Political and Security Committee in July 2014. Options for CSDP Support to Sahel-Saharan Border Management were also discussed at PSC. Work is in progress on the border management also as a work strand of the implementation of the EU Strategy for Security and Development in the Sahel.

Next steps: Following the recent tragic events in the Mediterranean, it is more than ever necessary to further strengthen the long-term capability of the security forces of countries in the Sahel-Sahara region and the cross-border cooperation among these countries. As a first and immediate step, I have tabled proposals on fighting traffickers in accordance with international law and reinforcing the activities of the ongoing EUCAP Sahel Niger mission to that end. Following the European Council on 23 April, work is also ongoing to ensure better cooperation with the countries of origin and transit.

Space

Space surveillance

Access to space assets is important for the success of CSDP missions and operations. In addition, the European economy is increasingly dependent on these dual-use means. With a view to ensuring the integrity and security of space assets, a Space Surveillance and Tracking (SST) framework was established to network and use national civil and military assets.

Furthermore, the EEAS is fully engaged in the discussions towards the adoption of a Code of Conduct for outer space aiming at reducing space debris.

High resolution satellite imagery

France, Germany, Italy and Spain have confirmed their willingness to provide to the EU Satellite Centre access to their next generation of governmental satellites to be deployed in the coming years in response to the needs expressed by the EU.

Next steps: Formal negotiations will start in the second semester of the year. From a long-term perspective, EDA will interact with its Members States in order to identify military Earth observation capabilities required on the horizon 2028-2030. The potential links to Copernicus to better exploit dual-use synergies and address security aspects should be explored in due course.

Galileo

On 27 March two further satellites were launched. They will form part of the 30-strong Galileo satellite navigation system that constitutes a strategic infrastructure.

Next steps: considering security and military interests for the use of Galileo, there is a need to further identify with the Commission and the Member States how security and military requirements will be taken on board.

Since the United States has expressed an interest in the possibility of participating in the GALILEO governmental service (GALILEO Public Regulated Service – PRS) discussions with the US will take place on the basis of preliminary work at the EU and Member States level.

Environmental and natural resources

Environmental degradation, pollution, as well as resource scarcity and competition could threaten stability and security, while climate change is a threat multiplier. Ensuring access to energy, water or raw materials are all critical functions for European stability and security. While the best responses remain in the area of political and diplomatic efforts to ensure stable markets and safe routes, initiatives to promote "green defence" and build climate change resilient European defence can also play an important role in addressing environmental and natural resources threats.

With regard to the armed forces more specifically, as the largest public user of fossils fuels, they can play a key role in improving both their energy security and environmental footprint through diversification of supply and a gradual shift to renewables.

Through a recently created working group, the EDA is supporting Members States on energy and environmental protection issues, with a specific focus on energy efficient technologies, renewable energy sources such as solar and biofuels, and improving the energy performance of defence platforms.

Work in progress includes GO GREEN (solar energy production on an air base) and a Smart Energy Camp Technology demonstrator as well as the definition of R&T roadmaps for dual-use energy technologies that will, in the longer term, move the armed forces to a sustainable, low-carbon posture.

ENHANCING THE DEVELOPMENT OF CAPABILITIES

As specified in the Treaty on the European Union, Member States shall make civilian and military capabilities available to the Union for the implementation of CSDP, to contribute to the objectives defined by the Council.

6. Developing civilian capabilities

Generating civilian capabilities remains a priority as well as a challenge. Part of the challenge is that, in general terms, national capability development strategies are not geared towards operations outside of the national territory. In addition, there are shortages of personnel in specialised profiles.

In view of enhancing civilian capabilities, work continued on implementation of the Civilian Capability Development to better link the fragmented activities in this area. In that regard, the recurring High-level Seminars on "Facilitating the deployment of civilian personnel for CSDP" remain unique opportunities for Member States and the EU institutions to address the matter (sixth edition in October 2014).

Establishing a list of "generic civilian CSDP tasks" is well underway. It should contribute to a common understanding of tasks occurring in civilian CSDP and the extent to which the EU is able to address them as well as the relative weight of shortfalls identified. It will also facilitate the work on civilian-military synergies to maximize the efficient use of resources. Finally, the software platform called Goalkeeper needs to be finalised as a matter of urgency.

Next steps: **a more encompassing look at civilian capability development** is needed. The development of tools certainly contributes to but cannot be a substitute for reinvigorating this particular area. I will invite PSC to start the process, by having a strategic debate on this, linked also to the issue of force generation for civilian missions.

7. Developing military capabilities

<u>Defence cooperation</u>

The Policy Framework for long-term and systematic cooperation approved by Ministers in November 2014 aims at providing a coherent basis for defence cooperation in Europe, from priority setting to in-service support.

As set out in the Policy Framework, **defence cooperation is a broad concept**: “Defence cooperation refers to collaboration in developing capabilities across all lines of development, and also in enhancing the quality, availability, interoperability and coordinated use of existing capabilities, notably through bilateral or multinational formations and initiatives. Defence cooperation is underpinned by convergence of planning processes and exchange of information at all levels”.

In addition to top-down political guidance, defence cooperation needs to be **incentivised** through non-market distorting fiscal and financial measures. Tangible progress has been achieved on the VAT exemption granted to ad hoc projects run in EDA (currently benefiting three pilot cases), with the support of the Commission and the Belgian authorities. VAT exemption should apply to EDA ad hoc projects for which there is clear added-value.

As regards financial measures, EDA has initiated contacts with the European Investment Bank to investigate the potential for financial support to the industrial sector and to cooperative programmes having a dual-use nature. In addition, potential financial engineering schemes in support of defence cooperation, including a European investment fund for defence (part of the pooled procurement mechanism) are being explored.

Defence cooperation often remains ad hoc**. Implementation of the Policy Framework for long term and systematic cooperation** should contribute to further "mainstream" defence cooperation. As next steps, and in the short-term, the following measures could be considered to improve cooperation:

- upon request, support of EDA to national strategic defence reviews or white book processes on defence, to provide a European perspective;
- advice of EDA to be available to Member States upstream before the decision to launch a programme is taken, in order to identify synergies and opportunities for cooperation;
- grant a higher degree of protection to cooperative programmes through multi-annual budget planning in order to ensure long term planning and mutual trust;
- ensuring, at the European level, that the existing regulatory framework supports defence cooperation;
- establishing, in compliance with EU law, a barter mechanism in Europe to facilitate the exchange of available capabilities among Member States;
- generalizing the use of hybrid standards generated through the standardisation programme and encouraging Member States to implement them;
- generalizing the implementation of European Military Airworthiness Requirements as a basis for systematic cross-recognition between national certification organisations for future aviation programs.

Collaborative Projects

The 2013 European Council welcomed **collaborative projects in four critical capability areas**: Air-to-Air refuelling capacity, Remotely Piloted Aircraft Systems (RPAS), Satellite Communications and Cyber. Strategic orientation is required in order to coordinate upstream cooperative efforts across Europe and fill capability shortfalls in the mid- to long term.

Substantive progress has been achieved towards the establishment of a European strategic tanker capability by 2020, under the lead of the Netherlands. One industrial solution has been identified, and the contract is expected be awarded by the end 2015. Synergies with existing national programmes are being identified. EDA is responsible for overall coordination; OCCAR for managing the acquisition phase; and the NATO Support & Procurement Agency (NSPA) for follow-on support and Operations phase support.

Remotely Piloted Aircraft Systems (RPAS): EDA is working on demonstrators to facilitate Air Traffic Insertion of RPAS, supporting Member States in harmonising their training approaches of MALE RPAS pilots and operators, and facilitating synergies with the Commission (on regulation and technological development). France, Germany and Italy are preparing the establishment of a MALE RPAS programme, benefiting from EDA activities notably in the fields of air traffic insertion, and certification. A feasibility study is expected to be launched in 2015.

The development of the next generation of governmental satellite communications by 2025 is well on track, under the lead of Spain and within EDA: on the basis of the military needs requirement adopted last November, the preparation phase of a potential future cooperative programme is under way. Work is being conducted in close coordination with the Commission and the European Space Agency so as to benefit from a dual-use approach.

On cyber, activities are on-going in the areas of education, training and exercises, human factors, and technologies. More than 10 projects have been running in the last three years, including to make better use of Cyber Ranges for Training and Exercises and to improve commanders' cyber situational awareness. EDA is also working closely with the European Commission to coordinate Research & Technology efforts on the basis of the Cyber Defence Research Agenda. But stronger commitment from Member States as well as a lead nation are required in order to structure a cooperative programme and inject more dynamism into cyber-defence-related activities.

There is also a need to ensure that military requirements are taken into account in EU wider policies. In particular, EDA has been tasked by Member States to work with the Commission to ensure that the needs of the defence community are taken into account in the context of Single European Sky/SESAR, including through the SESAR Military Implementation Forum.

Next steps: these projects continue to be implemented while avoiding unnecessary duplication with NATO to ensure complementarity. For cyber, there is a need for a lead nation.

Strategic orientation is required in order to coordinate upstream cooperative efforts across Europe and fill capability shortfalls in the mid- to long term.

The Capability Development Plan (CDP) constitutes the baseline for EU Member States' capability development, identifying EU defence requirements from short- to long-term. In November 2014 Ministers of Defence agreed on 16 Priority Actions derived from the CDP, which guide the EDA's work programme.

In terms of **new collaborative projects**, the following priority areas that feature in the CDP could be investigated subject to European Council guidance: surveillance (air surveillance radar); maritime capabilities (patrol ships, support ships, maritime patrol aircraft), protection of forces (countering mini-drones, medical evacuation in support to operations, Bio Joint Deployable exploitation laboratory), anti-tank weapons, counter hybrid threats. Many of these would exploit growing synergies between internal and external security on the one hand, and defence and security research on the other.

STRENGHTENING EUROPE'S DEFENCE INDUSTRY

8. The security and defence industry

Defence industry is essential for Europe's strategic autonomy, strengthening and its ability to act with partners. The defence industry is also a driver for **jobs, growth and innovation.** Following taskings from the European Council, Council and Steering Board, EDA is cooperating closely with the Commission, as appropriate, in support of security and defence industry:

Research

- The Commission is preparing a Preparatory Action for CSDP-related research which is due to be launched in 2017, including finalisation of the pilot project arrangements. In

support of this, a high level Group of Personalities was established to which I participate. The Commission has also organised workshops, in cooperation with the EDA, to bring Member States, industry and research entities together to achieve a shared assessment of key principles (focus, governance and modalities).

- Dual-use research: EDA and the Commission are pursuing synergies between defence and civil related research, mainly under Horizon 2020, with a focus on: key enabling technologies, CBRN protection, cyber security/defence, RPAS, materials research, electronic components/modules and space. Work on the European Structural and Investment Fund to promote cross-fertilisation and synergies across defence and civil research is well on track, with new projects to be supported in 2015. Cooperation between the Commission, European Space Agency and EDA on Critical Space Technology for strategic European non-Dependence continues. EDA is also working with the Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU) to strengthen European competencies in micro- and nano-electronics.

Next steps: Preparatory Action workshops to focus on governance, content and Intellectual Property Rights, to be coordinated with the work of the Group of Personalities. Modalities related to the "Pilot Project on CSDP Research", planned in the 2015 EU budget, to be finalised by the Commission and EDA by summer 2015. Pursue work on dual-use research, with new projects to be supported in 2015.

Security of Supply

Security of Supply is crucial for developing, sustaining and transferring critical defence capabilities. It is a key element for a functioning defence internal market, but also a prerequisite for deeper defence cooperation and planning. Fostering security of supply at the European level helps to ensure it also on the national level and is an expression of solidarity between the Member States.

Potential actions to enhance Security of Supply at intergovernmental level have been identified and prioritised with Member States, including access to key European strategic activities as well as enhanced confidence-building and mutual reinforcement.

Next steps: implement priority actions identified with Member States; monitor and support the implementation of EDA Framework Arrangement on Security of Supply and Code of Conduct on Prioritization linking industry to the EDA Security of Supply framework.

Standardisation

The mechanism approved by Member States and the Commission for developing European security/defence (hybrid) standards aims at applying civil standards where possible, and defence standards when necessary.

Next steps: the standardisation programme is being finalised to identify standardisation requirements to be processed through this mechanism

Certification

Work mainly aims at developing the airworthiness requirements necessary to preserve the military's capacity to operate RPAS in the European Aviation System. Furthermore, the development of European Military Airworthiness Requirements (EMARs) within EDA is a

key enabler for additional pooling and sharing of scarce defence capabilities and more efficient use of available aeronautical resources in the context of CSDP operations.

Next steps: achieving the greatest alignment possible with the civil RPAS roadmap in the 2015-2018 timeframe. Implementation of EMARs into Member States' national regulations and further harmonisation of safety requirements in all defence domains.

Support to SMEs

SMEs are an important element in the defence supply chain, a source of innovation and key enablers for competitiveness. The European Council in December 2013 underlined the importance of cross-border market access for SMEs.

Efforts to enhance access to information, defence markets, and support to innovation cluster-building are carried out through the implementation of the EDA Action Plan. Access to EU funding is also examined in coordination with the Commission.

Next steps: pursue implementation of EDA SME Action Plan, including facilitating access to EU instruments such as European Structural and Investment Funds and the COSME Programme.

European Defence Technological and Industrial Base (EDTIB)

To complement the implementation of the Supply Chain Action Plan aiming at promoting transnational industrial cooperation work is underway to define Key Strategic Activities at European level in support of the EDTIB and identify the latter's key skills and competences.

Whilst ensuring that the wider EU policies (such as REACH) do not have a negative impact on the EDTIB and the defence market, the EDA also continues to explore the benefits offered by EU instruments (e.g. under COSME). Regarding balance in the EDTIB, as a first step EDA is liaising with Eastern and Central European countries in order to identify the specificities of their defence industry and facilitate their effective participation in cooperative programmes and cross-border supply chains.

Next steps: Implement the prioritised actions of the EDA Supply Chain Action Plan and address wider EU policies. Pursue work on the definition and identification of Key Strategic Activities at the European level, starting with the relevant principles and parameters. Analyse barriers and obstacles and promote capability building projects in Central and Easter European Countries.

III. Way forward

When considered against the ongoing changes in the global and regional environment, the **demand for CSDP** is likely to grow and to evolve. Work on a strategic review is on-going and an analysis of Europe's strategic environment - the first part of the strategic review - is to be presented by June. This could then lead to the adoption of a calendar for the elaboration of a new foreign and security policy strategy, in close cooperation with Member States.

CSDP remains among the most visible and concrete action the EU can project abroad, contributing to peace and security. 7000 men and women are currently deployed under an EU flag. **The EU's operational engagement though CSDP will continue**, including through potential new missions.

These missions and operations are successful where Member States **provide the required resources.** Their effect is further enhanced when a full range of instruments can be combined towards achieving the same political objective. In short, they need to be based on a strong political will, to have clear objectives and mandates, and to be part of a comprehensive approach.

The forthcoming initiative on **capacity building in support of security and development** is part of building such a joint approach. On the basis of the growing recognition of the clear linkages between security and development, and by developing a more systematic approach to EU capacity building, the long term objective is to enable partner countries and regional organizations to take responsibility for their own security, so they can increasingly prevent and manage crises by themselves. Upon endorsement by the European Council in June, efforts should focus on translating this initiative into concrete reality while also addressing the medium-term aspects.

The effectiveness of missions and operations is also the result of **working with partners**, the UN, NATO, the AU and the OSCE. The changing strategic context provides a stimulus to renewed commitment to co-operation between the EU and NATO and to enhance European defence. There is potential for strengthened interaction, beyond operational engagement, notably on defence planning, maritime security, cooperation with third countries, hybrid threats, strategic communications, cyber security/defence, and military rapid response. Addressing hybrid threats in particular is a new work strand where we will need to interact closely.

We need to **further widen our active CSDP partnership policy**, consisting of policy dialogue, the participation of third states in missions and operations and capacity-building through CSDP missions.

There is no need to wait for the outcome of the strategic review to emphasize the point that **sufficient investment in capabilities** is required. Indeed, protecting and promoting European interests and values in a challenging security environment must be underpinned by the necessary means and sufficient budgetary resources.

On civilian capabilities, **a more encompassing look at civilian capability development** is needed. Civilian crisis management remains a key component of CSDP operational engagement. In the context of hybrid threats, its relevance is further increased. A strategic reflection and debate is needed, linked also to the issue of force generation for civilian missions, and re-confirming political commitment. I stand ready to prepare and lead such a debate.

As regards defence, what is required is **a commitment by Member States to invest more and better together**. The qualitative targets adopted by EDA Defence Ministers in 2007 could serve as a basis[4]. Such commitment should be supported by a reporting and perhaps a peer pressure mechanism to measure progress on an annual basis.

In addition, several Member States have also raised the issue of the link of **defence investment** in research, technology and development, particularly when of a collaborative nature, to the Growth and Stability Pact. Guidance on this is to come from the highest political level.

[4] In 2007, Ministers agreed on the following collective targets: 20% of defence expenditure to be allocated to procurement and R&D; 35% of procurement to be undertaken collaboratively; 2% of defence expenditure to be allocated to R&T; and 20% of R&T to be undertaken collaboratively.

More work is also required on **developing long term and systematic defence cooperation**, through the full implementation of the EU Policy Framework adopted by the Council in 2014. Defence cooperation between Member States is still the exception rather than the rule. There has been some progress, but if cooperation on capability development is really to make a difference, we will need to address new ideas for **incentives for defence cooperation** at the European level. Better tapping into the unused potential of the Lisbon Treaty could be part of work towards such longer term cooperation.

Such cooperation needs to be underpinned by **concrete projects** including within the framework of the European Defence Agency, on the basis of new security risks and challenges, the Capability Development Plan and EU wider policies.

Strategic orientation is required in order to coordinate upstream cooperative efforts across Europe and close capability shortfalls in the mid- to long term. In particular in **space**, there is a need to ensure that defence takes advantage of the use of existing assets at European level, including Galileo and Copernicus, and that synergies between the military and civilian are being achieved for future European programmes.

Turning to **defence industry**, investment in European defence industry is linked to the growth agenda as enshrined in the European Fund for Strategic Investment.

Investment in **research and technology** is an area requiring particular attention. And there is a need to developing complementary measures to stimulate Member States' investment in defence R&T, with a view to achieving European non-dependency in critical technologies, thus enhancing the EU's strategic autonomy.

Defence is Member States driven, but the EU can act as a facilitator and enabler for defence cooperation, and there are many linkages to wider EU policies. Some of these may have operational and/or financial consequences, due to civil regulations that also apply to defence. But they also present opportunities, particularly in areas of research where civil-military synergies can be achieved. There is also case for tailoring EU instruments (regulation, financing and policy), as appropriate, to take into account the specificities of defence. We need to make sure, in close cooperation with the Commission, that defence is properly addressed in EU wider policies such as Single European Sky, energy or maritime security and, conversely, that the impact of such policies is also taken into account when formulating CSDP.